

## Message Text

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ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-06 NEA-10 IO-10 ISO-00

L-02 FRB-03 OMB-01 TAR-01 SP-02 AGR-05 AID-05 CIAE-00

COME-00 INR-07 LAB-04 NSAE-00 OIC-02 SIL-01 STR-04

TRSE-00 CIEP-01 CEA-01 PA-01 PRS-01 USIA-06 ( ISO ) W

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R 201627Z MAY 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 1279

INFO AMEMBASSY ASUNCION

AMEMBASSY BANGKOK

AMEMBASSY BOGOTA

AMEMBASSY BONN

AMEMBASSY BRIDGETOWN

AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

AMEMBASSY CANBERRA

AMEMBASSY CARACAS

AMEMBASSY COPENHAGEN

AMEMBASSY GEORGETOWN

AMEMBASSY GUATEMALA

AMEMBASSY KINGSTON

AMEMBASSY LA PAZ

AMEMBASSY LIMA

AMEMBASSY MADRID

AMEMBASSY MANAGUA

AMEMBASSY MANILA

AMEMBASSY MBABANE

AMEMBASSY MEXICO

AMEMBASSY NEW DELHI

AMEMBASSY PANAMA

AMEMBASSY PARIS

AMEMBASSY PORT AU PRINCE

AMEMBASSY PORT LOUIS

AMEMBASSY PORT OF SPAIN

AMEMBASSY PRETORIA

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AMEMBASSY QUITO

AMEMBASSY SAN JOSE  
AMEMBASSY SAN SALVADOR  
AMEMBASSY SANTO DOMINGO  
AMEMBASSY STOCKHOLM  
AMEMBASSY SUVA  
USMISSION GENEVA  
AMEMBASSY TAIPEI  
AMEMBASSY TEGUCIGALPA  
AMEMBASSY THE HAGUE  
AMEMBASSY TOKYO  
AMCONSUL DURBAN  
AMCONSUL RECIFE  
AMCONSUL RIO DE JANEIRO  
USMISSION EC BRUSSELS

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PASS AGRICULTURE

E.O. 11652: N/A  
TAGS: ETRD, EAGR  
SUBJ: SUGAR - ACCOMPLISHMENTS OF INTERNATIONAL SUGAR  
ORGANIZATION (ISO) MEETINGS.

REF: LONDON A) 15964, B) 7013 & C) 7248

1. SUMMARY: LITTLE PROGRESS WAS MADE IN THE SERIES OF ISO MEETINGS ENDING MAY 15 ON ESTABLISHING BASIC FRAMEWORK OF A NEW INTERNATIONAL SUGAR AGREEMENT (ISA). THE MEETINGS CONSISTED OF TWO WORKING GROUPS -- A AND B -- ON STOCKS AND PRICES, THE CONSULTATIVE COMMITTEE ON A NEW ISA, AND THE INTERNATIONAL SUGAR COUNCIL. NO CONSENSUS WAS REACHED AS TO BASIC PROVISIONS FOR NEW ISA, NOR WAS A PROPOSED DATE ESTABLISHED TO BEGIN NEGOTIATION. THE SECRETARIAT WAS DIRECTED TO DO ADDITIONAL WORK ON (A) ALL ELEMENTS OF SUPPLY MANAGEMENT, INCLUDING STOCKS; (B) COSTS OF PRODUCTION; (C) PRICE RANGE FOR NEW AGREEMENT; AND (D) ALTERNATIVES WHICH MIGHT BE CONSIDERED AS SUBSTITUTE IN NEW AGREEMENT FOR INDEXATION CONCEPT.  
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NEXT SERIES OF MEETINGS SCHEDULED FOR LONDON, NOVEMBER 10 THROUGH 21.

2. EXECUTIVE SECRETARY, JONES-PARRY, IN PRIVATE CONVERSATION WITH US OBSERVERS, EXPRESSED DISAPPOINTMENT THAT MORE PROGRESS WAS NOT MADE IN MOVING TOWARDS A NEW ISA. IT COULD BE READILY OBSERVED IN RECENT MEETINGS THAT, WHILE FAVORABLE STATEMENTS WERE BEING MADE BY MOST

PARTICIPATING COUNTRIES FOR A NEW ISA, THE IMPULSE IS LACKING FOR ANY MEANINGFUL NEGOTIATION ON PROVISIONS OF A NEW ISA TO TAKE PLACE IN THE IMMEDIATE FUTURE. THE SECRETARIAT WILL MOVE AHEAD WITH PREPARATIONS IN ANTICIPATION THAT A DATE WILL BE SET FOR SOME TIME IN 1976, BUT, AS THE CANADIAN DELEGATE (MUSGROVE) NOTED TO THE US OBSERVERS, "SUGAR TODAY IS WHERE COFFEE WAS SIX MONTHS AGO." THIS IS A REASONABLY ACCURATE ANALOGY SINCE EXPORTERS SEEM DIVIDED ON BOTH THE TYPE OF ISA DESIRED AND TIMING, WITH THE RESULT THAT IMPORTERS ARE NOT PUT UNDER PARTICULAR PRESSURE.

3. THERE WAS A WIDE-RANGING DISCUSSION OF POSSIBLE ELEMENTS IN A NEW ISA, BUT THE ONLY CONCLUSION SEEMED TO BE THAT STOCKHOLDING IN SOME FORM WOULD PROBABLY BE AN ELEMENT. MAURITIUS (SIR GUY SANZIER) STRONGLY BACKED A PAPER PRODUCED BY THE SECRETARIAT WHICH PROPOSED EARLY ADOPTION OF AN INTERVENTION OR BUFFER STOCK WHOSE PRIMARY PURPOSE WOULD BE TO DEFEND A MINIMUM PRICE. UNDER THIS PROPOSAL, OTHER ELEMENTS OF THE ISA COULD BE LEFT FOR SUBSEQUENT NEGOTIATION. CUBA IDENTIFIED ITSELF WITH THE TRADITIONAL APPROACH. CANADA AND JAPAN REJECTED THE NOTION OF "PIECEMEAL" NEGOTIATIONS, WHILE SOUTH AFRICA SPOKE OUT AGAINST BUFFER STOCKS IN GENERAL. ONLY A FEW -- NOTABLY MAURITIUS AND JAMAICA -- SEEMED TO FEEL ANY PARTICULAR URGENCY TO BEGIN NEGOTIATIONS. OUR IMPRESSION WAS THAT CUBA AND BRAZIL WOULD JUST AS

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TRSE-00 CIEP-01 CEA-01 PA-01 PRS-01 USIA-06 ( ISO ) W

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R 201627Z MAY 75

FM AMEMBASSY LONDON  
TO SECSTATE WASHDC 1280  
INFO AMEMBASSY ASUNCION  
AMEMBASSY BANGKOK  
AMEMBASSY BOGOTA  
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PASS AGRICULTURE

SOON POSTPONE THE DECISION A BIT LONGER. ONE DEBATE ON THE RELATION OF PRICE STABILITY TO INVESTMENT IN NEW PRODUCTION LED IMPORTERS TO QUESTION WHETHER A TRADITIONAL, QUOTA-TYPE AGREEMENT WOULD MAKE FOR SUFFICIENT EXPANSION TO MEET GROWING DEMAND. THE SECRETARIAT WAS REQUESTED TO MAKE YET ANOTHER STUDY, ON THE EFFECT OF PRICE STABILITY ON PRODUCTION UNDER QUOTA AND/OR AN INTERVENTION STOCK SYSTEM.

4. MAJORITY OF TIME OF LATEST MEETINGS WAS SPENT ON TWO TECHNICAL PAPERS PREPARED BY SECRETARIAT ON STOCK AND PRICE POLICY. NO SIGNIFICANT DECISION WAS TAKEN IN EITHER AREA. INSTEAD, AT HIS SUGGESTION, THE EXECUTIVE SECRETARY WAS AUTHORIZED TO CONVOKE A COMMITTEE OF EXPERTS TO HELP DEVELOP A PAPER FOR NOVEMBER MEETINGS ON ALL ASPECTS OF SUPPLY MANAGEMENT PROBLEMS (INCLUDING STOCKS.) TYPICALLY, THESE EXPERTS WOULD BE PERSONS ACTUALLY ENGAGED IN THE SUGAR TRADE WHO HAVE FIRST-HAND EXPERIENCE WITH HANDLING AND STORAGE OF SUGAR. SPECIAL NOTE WAS MADE BY THE COUNCIL, WITH NO OBJECTIONS, THAT LIMITED OFFICIAL USE

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THE CONSULTATIVE EXPERTS DO NOT NECESSARILY HAVE TO COME FROM CURRENT MEMBER COUNTRIES (JONES-PARRY SAID HE HAD "ONE LARGE IMPORTING NON-MEMBER COUNTRY" IN PARTICULAR IN MIND).

5. IN LIGHT OF SECRETARIAT'S CURRENT COOLNESS TO IDEA OF INDEXATION (SEE REF C)), SECRETARIAT WAS INSTRUCTED TO COME FORWARD WITH ALTERNATIVE PROPOSAL FOR NEW ISA WHICH WILL ASSURE THE INTERESTS OF LDCS' ARE PROTECTED. THIS PROPOSAL WAS ADOPTED MAINLY UPON THE INSISTANCE OF THE CUBAN DELEGATION. AT FINAL SESSION, CUBAN DELEGATION GAVE LENGTHY REPORT ON INCREASED PRODUCTION COSTS IN RECENT YEARS AND SAID IT WAS A MUST THAT NEW ISA CONTAINS PROVISIONS TO PROTECT PRODUCERS IN THE FUTURE. ONLY COMMENT OF SIGNIFICANCE BY USSR DELEGATE WAS THAT, WHILE THE USSR FAVORED A NEW ISA, THE SOVIET DELEGATION COULD NOT CURRENTLY SAY THAT THE SOVIET UNION WOULD ACCEPT SUCH AN AGREEMENT IF SDRS' ARE USED AS UNIT OF VALUE.

6. IN THE LAST FEW MINUTES OF THE MEETING, THE CUBAN DELEGATE SUGGESTED THAT THE EXECUTIVE SECRETARY MAKE ENQUIRIES AS TO US INTENTION WITH DEMISE OF US SUGAR ACT. THIS COMMENT FELL ON DEAF EARS AS THE CHAIRMAN (MR. RAFFAELLI OF BRAZIL) AND JONES-PARRY NEVER ADDRESSED THEMSELVES TO THIS QUESTION.

7. EARLIER, THE DELEGATE FROM THE DOMINICAN REPUBLIC GAVE A BRIEF REPORT ON THE APRIL 21-24 MEETING OF LATIN AMERICAN SUGAR PRODUCERS AT PUERTO PLATA, D.R. HE NOTED THAT THE PURPOSE OF THE MEETING WAS TO DEVELOP A UNIFIED APPROACH IN SUGAR MATTERS. HE SAID THAT DELIBERATIONS HAD FOCUSSED ON PRODUCTION COSTS AS A FACTOR IN SUGAR MARKETING AND THAT THE LA PRODUCERS AGREED TO DO EVERYTHING POSSIBLE TO ASSURE THAT LDC SUGAR PRODUCERS OBTAINED FULL AND ADEQUATE RETURNS. IN THIS REGARD, HE ADDED, THE MEETING HAD DETERMINED TO "UNIFY CRITERIA AND APPROACHES TO NEGOTIATIONS AND OTHER EVENTS RELATED TO SUGAR." WHILE THESE WERE BRAVE WORDS, AS NOTED ABOVE, A UNIFIED STRATEGY TOWARD NEGOTIATIONS DID NOT EMERGE IN CONTEXT OF THIS LATEST SERIES OF ISO MEETINGS.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** SUGAR, SUPPLIES, MEETING OBSERVERS, MEETINGS, PRICES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 20 MAY 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
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**Disposition Case Number:** n/a  
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**Disposition Date:** 28 MAY 2004  
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Margaret P. Grafeld  
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05 JUL 2006

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**Secure:** OPEN  
**Status:** NATIVE  
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**TAGS:** ETRD, EAGR, US, INTL SUGAR ORGANIZATION  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006